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DRAFTED BY DRAFTED:EA/J:DFSMITH:'

APPROVED BY EA/J - DAVID F. LAMBERTSON

EB/ITP/STA - WDIROLL

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TO AMEMBASSY TOKYO

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E.O. 11652:GDS

TAGS: ETRD, JA

SUBJECT:GOJ NOTE ON ITC TELEVISION INVESTIGATION

REF: TOKYO 5225

1. FOLLOWING IS TEXT OF JAPANESE NOTE PRESENTED TO DEPARTMENT ON ABOVE SUBJECT ON APRIL 16. QUOTE: THE EMBASSY OF JAPAN PRESENTS ITS COMPLIMENTS TO THE DEPARTMENT OF STATE AND, WITH REFERENCE TO THE INVESTIGATIONS BY THE UNITED STATES INTERNATIONAL TRADE COMMISSION (ITC) PURSUANT TO THE PROVISIONS OF SECTION 337 OF THE TARIFF ACT OF 1930 AND SECTION 603 OF THE TRADE ACT OF 1974, WITH RESPECT TO THE IMPORTATION OF CERTAIN TELEVISION RECEIVING SETS FROM JAPAN, HAS THE HONOR TO INFORM THE LATTER OF THE
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FOLLOWING VIEWS OF THE GOVERNMENT OF JAPAN.

2. THE GOVERNMENT OF JAPAN WISHES TO EXPRESS ITS CONCERN THAT THE ITC'S DECISION TO INSTITUTE AN INVESTIGATION UNDER SECTION 337 OF THE TARIFF ACT OF 1930 ON MARCH 29, 1976, AND A PRELIMINARY INVESTIGATION UNDER SECTION 603 OF THE TRADE ACT OF 1974 ON APRIL 2, 1976, CONCERNING CERTAIN COLOR TELEVISION RECEIVING SETS IMPORTED FROM JAPAN MIGHT ENCOURAGE A MOVEMENT TOWARD PROTECTIONISM WHICH MAY HAVE GAINED MOMENTUM IN THE PAST YEAR.

3. WITH RESPECT TO THE INVESTIGATION UNDER SECTION 337 OF THE TARIFF ACT, THE GOVERNMENT OF JAPAN FINDS IT DISQUIETING THAT THE COMPLAINANTS INVOKED THE SECTION PROVIDING FOR THE EXCLUSION FROM ENTRY INTO THE UNITED STATES OF ARTICLES ASSOCIATED WITH UNFAIR TRADE PRACTICES AND EMPLOYED SUCH DEROGATORY PHRASEOLOGY AS "PREDATORY PRICING SCHEMES, TO CRITICIZE THE IMPORTATION OF JAPAN-MADE COLOR TELEVISION SETS.

IN POINT OF FACT, THE GOVERNMENT OF JAPAN FINDS NO REASON FOR THE ITC TO INSTITUTE AN INVESTIGATION TO DETERMINE WHETHER UNFAIR METHODS OF SALES MAY EXIST. FIRSTLY, WITH RESPECT TO THE ALLEGATION OF SALES OF THE COLOR TELEVISION RECEIVERS IN THE UNITED STATES AT BELOW-COST AND UNREASONABLY LOW-COST PRICES, IT SHOULD BE RECALLED THAT THE TELEVISION SETS IMPORTED FROM THE RESPONDENTS HAVE BEEN SUBJECT TO ANTI-DUMPING MEASURES SINCE MARCH 1971, AND THAT ANY SALES AT LESS THAN FAIR VALUE IN THE US MARKET WOULD LEAD TO IMPOSITION OF ANTI-DUMPING DUTIES INTENDED TO RETURN THE PRICES TO FAIR VALUE. SECONDLY, AS TO THE ALLEGATION OF THE ECONOMIC BENEFITS AND INCENTIVES FROM THE GOVERNMENT OF JAPAN CONTRIBUTING TO THE BELOW-COST AND UNREASONABLY LOW-COST PRICING IN THE UNITED STATES, JAPAN DOES NOT PROVIDE INDUSTRY WITH ANY GOVERNMENTAL EXPORT PROMOTION BENEFITS AND INCENTIVES. IT SHOULD BE NOTED THAT IN JANUARY THIS YEAR, THE DEPARTMENT OF THE TREASURY MADE A FINAL NEGATIVE DETERMINATION WITH RESPECT TO CERTAIN CONSUMER ELECTRONIC PRODUCTS FROM JAPAN, INCLUDING TELEVISION SETS, AS A RESULT OF THE COUNTERVAILING DUTY INVESTIGATION INSTITUTED IN 1972.

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4. WITH RESPECT TO THE PRELIMINARY INVESTIGATION UNDER SECTION 603 OF THE TRADE ACT OF 1974 WHICH WOULD COVER A WIDE RANGE OF SUBJECTS SUCH AS THE POSSIBLE EXISTENCE OF A CONSPIRACY TO RESTRAIN OR MONOPOLIZE TRADE AND COMMERCE IN THE UNITED STATES, THE GOVERNMENT OF JAPAN FIRMLY BELIEVES THAT NO SUCH UNFAIR METHODS OF COMPETITION AND UNFAIR ACTS EXIST, THE OBJECTIVES OF THE IN-

VESTIGATION NOTWITHSTANDING. ALBEIT A "PRELIMINARY" INVESTIGATION, IT IS REGRETTABLE THAT THE ITC TOOK THE INITIATIVE IN EXPANDING THE SCOPE OF THE INVESTIGATION UNDER SECTION 337 OF THE TARIFF ACT OF 1930.

5. THE INSTITUTION OF THE INVESTIGATIONS MENTIONED ABOVE NOT ONLY PLACES A HEAVY BURDEN ON THE JAPANESE COMPANIES CONCERNED AND CAUSES A DETERIORATION OF EXPORTS TO THE UNITED STATES OF THE PRODUCTS IN QUESTION BUT ALSO ADVERSELY AFFECTS THE STABLE EXPANSION OF THE OVERALL TRADE BETWEEN OUR TWO COUNTRIES.

6. CONCERNED WITH THE MOUNTING PRESSURE OF THE PROTECTIONISTIC MOVEMENTS IN THE UNITED STATES INDUSTRIES, THE GOVERNMENT OF JAPAN HAS REPEATEDLY REQUESTED THE GOVERNMENT OF THE UNITED STATES TO RESIST SUCH PRESSURE. THE GOVERNMENT OF JAPAN WISHES TO REITERATE ITS EARNEST DESIRE THAT THE UNITED STATES GOVERNMENT EXERT THE UTMOST EFFORT TO STRENGTHEN THE FREE TRADE SYSTEM IN COMPLIANCE WITH THE SPIRIT OF THE OECD TRADE PLEDGE REAFFIRMED AT THE RAMBOUILLET SUMMIT MEETING. UNQUOTE. SISCO

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